

SOME GUIDING PRINCIPLES OF GOOD CORPORATE BEHAVIOUR  
FOR SUBSIDIARIES IN CANADA OF FOREIGN COMPANIES

Desirable objectives include the following:—

- (1) Pursuit of sound growth and full realization of the company's productive potential thereby sharing the national objective of full and effective use of the nation's resources.
- (2) Realization of maximum competitiveness through the most effective use of the company's own resources, recognizing the desirability of progressively achieving appropriate specialization of productive operations within the internationally affiliated group of companies.
- (3) Maximum development of market opportunities in other countries as well as in Canada.
- (4) Where applicable, to extend processing of natural resource products to the extent practicable on an economic basis.
- (5) Pursuit of a pricing policy designed to assure a fair and reasonable return to the company and to Canada for all goods and services sold abroad, including sales to the parent company and other foreign affiliates.
- (6) In matters of procurement, to search out and develop economic sources of supply in Canada.
- (7) To develop as an integral part of the Canadian operation wherever practicable, the technological, research and design capability necessary to enable the company to pursue appropriate product development programmes so as to take full advantage of market opportunities domestically and abroad.
- (8) Retention of a sufficient share of earnings to give appropriate financial support to the growth requirements of the Canadian operation, having in mind a fair return to shareholders on capital invested.
- (9) To work toward a Canadian outlook within management, through purposeful training programmes, promotion of qualified Canadian personnel and inclusion of a major proportion of Canadian citizens on its Board of Directors.
- (10) To have the objective of a financial structure which provides opportunity for equity participation in the Canadian enterprise by the Canadian public.
- (11) Periodically to publish information on the financial position and operations of the company.
- (12) To give appropriate attention and support to recognized national objectives and established Government programmes designed to further Canada's economic development and to encourage and support Canadian institutions directed toward the intellectual, social and cultural advancement of the community.

In setting forth the foregoing principles of good corporate behaviour, I recognize that there is already widespread adherence to such principles among subsidiary companies in Canada both in spirit and in deed. However, to the extent that these principles are not already applied, subsidiary companies are urged to work purposefully and constructively toward their application, as circumstances permit.